



Date: September 9, 2005

TO: Owners and Management Agents of Affordable Units

FROM: Donna McMillan, Director
Office of Asset Management

RE: Temporary Housing for Individuals Displaced by Hurricane Katrina

Thank you to those who responded to our request for vacant unit information. It is necessary that we all work together to provide housing placement assistance during this unprecedented tragedy. We are aware that you have many questions regarding processes and procedures. We have been in communication with:

- Federal Emergency Management Agency (FEMA) to determine payment procedures and processes.
- Michigan Department of Human Services (MDHS) regarding application processing and support services for dislocated individuals.
- U.S. Department of Housing and Urban Development (HUD) to discuss which normal processing requirements may apply and/or be waived
- Michigan Housing Council to seek their assistance in gathering data and understanding owners concerns

MSHDA's role has been to serve as a housing information resource. Because we understood there might be as many as 10,000 evacuees, we worked together with HUD and the Michigan Housing Council to identify as many vacant apartments across the state as possible. Over the course of the last seven days, these three organizations compiled an inventory of approximately 3,500 vacant "market ready" apartments. Staff also resolved a series of technical issues related to waivers of federal regulations. In addition to MSHDA's efforts, Governor Granholm has asked several mayors to identify resources within their communities as well.

Approximately 300 people arrived at Fort Custer on Tuesday. It appears there will not be a need for us to assist these families as most have already been placed. There are also many "self-presenters" (people who arrived in Michigan by their own means). In fact, there may be more "self-presenters" than evacuees moved here by FEMA. We are prepared to work together with our partners to help them as well, if we are called upon.

The following is information we have gathered to date:

Regarding Evacuees

- Evacuees must register with FEMA and be issued an application number and a letter of eligibility. FEMA's Hotline number is 800-621-FEMA (3362).

- Evacuees should also contact and work with the local Michigan Department of Human Services office.
- As of today, evacuees will NOT be receiving HUD Section 8 vouchers in addition to FEMA payments.
- Evacuees are currently receiving \$2,000 per household. This is an initial payment to assist with disaster needs such as transportation, clothing, rental housing, other housing accommodations and food. At this time, our office is unsure of how long or how much monetary assistance will be awarded to each evacuee.
- FEMA will not pay rent directly to the development; instead FEMA will pay evacuees.

Regarding Properties with Low Income Housing Tax Credits (LIHTC)

Any development utilizing LIHTCs is advised to determine its program status prior to leasing a unit to an eligible evacuee.

- Please review the attached press release from the Department of Treasury and IRS. It appears that it is the department's *intent* to waive low income tax credit rules. The official ruling has not been published at this time.
- Tax credit developments that are operating in their first year **may not be eligible** to accept FEMA certified residents.
- Tax credit properties with multiple funding sources (ie, HOME, CDBG) wishing to assist evacuees must adhere to the regulations of the most restrictive program. This may create the need for additional waivers however this remains unclear.
- It is recommended that management agents confer with property investors, syndicators, and attorneys prior to accepting any FEMA residents.

Regarding Properties with HUD Subsidy

- HUD Notice 04-22 <http://www.hud.gov/offices/hsg/mfh/disasterguide.cfm> gives some instructions on how to handle a number of disaster issues at HUD assisted properties. However HUD realizes that questions remain and headquarters is expected to issue further clarification soon. The clarification guidance is expected to include information on short-term rentals, security deposits, and criminal background checks. The notice will be forwarded to you and available on www.hud.gov under the multifamily page.
- So far HUD has clarified that the rental assistance FEMA provides is *not* HUD-funds. It can be used to pay for both rent and security deposit. The FEMA funds *cannot* be used to pay for Section 8 project-based subsidized units so evacuees wishing to rent one of these units must be charged market rent (This is OK; the owner will not be in danger of losing the subsidy for use at a later date).
- Rules regarding HUD assistance for evacuated family formerly receiving Section 8 assistance either from housing choice vouchers or at a project based assisted properties in the evacuated areas remains unclear.
- HUD has indicated that evacuees should enter into short-term rental agreements; otherwise they will lose their FEMA housing benefits. The clarification guidance to be issued will allow for this.
- FEMA certified displaced tenants may move-in with families and friends occupying HUD-assisted units on a temporary basis, provided that the host household obtains the project owner's approval. These FEMA residents are considered "guests" of the host family. Project owners may allow the eligible family to house the guest(s) for a limited period without interruption of the subsidy.

Other Regulatory/Policy Issues

- Owners may consider the execution of 30-day renewable leases.
- Owners are not mandated to accept evacuees and may use established tenant selection criteria.
- **Owners should refer to the FEMA website for updates via the link provided: <http://www.fema.gov/>.**

More Questions

HUD has committed staff to work with MSHDA staff to answer questions posed by owners and is continuing to update vacant unit data. The following MSHDA staff remain available to answer, or at least seek to answer, any additional questions you may have:

- Donna McMillan, MSHDA Director of Asset Management (313) 456-3579 (Detroit Office) or (517) 373-9165 (Lansing Office)
- Kimberly Horton, MSHDA Asset Manager (517) 373-8049
- Willa Ray, MSHDA Asset Manager (313) 456-3583
- Michele Whitmore, MSHDA Asset Manager/ Departmental Specialist (313) 456-3585



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**Treasury and IRS Expand Availability of
Housing for Hurricane Victims**

WASHINGTON, DC- The Treasury Department and the Internal Revenue Service (IRS) today announced that they will waive low-income housing tax credit rules that prohibit owners of low-income housing from providing housing to victims of Hurricane Katrina who do not qualify as low-income. The action will expand the availability of housing for disaster victims and their families.

Because of the widespread devastation to housing caused by Hurricane Katrina, the Treasury Department and the IRS will temporarily suspend income limitation requirements and non-transient requirements for qualified low-income housing projects located anywhere in the United States.

"The widespread damage caused by the hurricane left many thousands of Americans homeless," stated Treasury Secretary John W. Snow. "We hope that providing this disaster relief will allow states to temporarily house many of the needy whose homes were destroyed."